

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of	)	
	)	
High-Cost Universal Service support	)	WC Docket No. 05-337
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Intercarrier Compensation for ISP-Bound Traffic	)	CC Docket No. 99-68
	)	
IP-Enabled Services	)	WC Docket No. 04-36

***COMMENTS OF THE NEBRASKA PUBLIC SERVICE COMMISSION***

***SUMMARY***

Carefully balancing so many diverse interests requires an incremental and judicious approach. The NPSC appreciates the opportunity to comment on the Further Notice of Proposed Rulemaking (FNPRM) but requests that the Commission take slow and measured steps to implement such significant reform so that the results are fair to consumers and balanced appropriately for interested stakeholders.

Overall, the NPSC agrees with the following principles:

- Consumers should not be burdened with rate increases, particularly in states where rates are high in comparison to other states' rates.
- Phantom traffic and access stimulation issues should be addressed by the Commission.
- The identical support rule should be eliminated.
- Broadband must be prioritized as a universal service goal.
- Intrastate access rates should move to interstate levels over a reasonable period of time.
- An alternative cost recovery mechanism should be implemented for access charge reductions in certain circumstances.

However, the NPSC disagrees with the following proposed measures:

- Reform which ignores or penalizes consumers in states where access charge reductions have been already offset by state universal service contributions and/or local rate increases.
- Universal service and intercarrier compensation reform which undermines the goals of affordable and reasonably comparable rates.
- The use of reverse auctions.
- The use of the "additional costs" standard to price intrastate access rates.

We recommend modification and clarification in certain areas of all three proposed reform plans with emphasis on the most significant issues to the NPSC. Specifically, the NPSC focuses its comments on the need for reasonably comparable and affordable rates, the proposed broadband incentives, the reverse auction process, the numbers-based contribution methodology, and the proposed intercarrier compensation reform.

## TABLE OF CONTENTS

SUMMARY .....	1
I. INTRODUCTION.....	5
II. COMPARABLE AND AFFORDABLE RATES .....	8
III. BROADBAND INCENTIVES .....	11
IV. REVERSE AUCTION PROCESS .....	14
V. NUMBERS-BASED CONTRIBUTION METHODOLOGY .....	17
VI. INTERCARRIER COMPENSATION.....	19
VII. CONCLUSION.....	22

## ***I. INTRODUCTION***

The Nebraska Public Service Commission ("NPSC") hereby submits the following comments in response to the Federal Communication Commission's ("Commission's") Further Notice of Proposed Rulemaking (FNPRM) issued on November 5, 2008 and appearing in the Federal Register on November 12, 2008. These issues are of no small consequence to Nebraskans and the NPSC appreciates the ability to comment on the proposals and to make recommendations to the Commission for consideration.

We appreciate the transparency of this process as the draft proposals and Commissioner's statements provide the NPSC with some insight on the direction of the Commission. Indeed, there may be growing consensus on a number of principles. The NPSC agrees that intrastate access rates should move to interstate levels over a reasonable period of time; that consumers should not be burdened with increases in local rates in states which already have high local rates; that phantom traffic and access stimulation issues must be addressed; that a cost recovery mechanism should be implemented for certain small and medium-sized carriers; and that the identical support rule should be eliminated. Given the magnitude and complexity of the issues, the Commission should move slowly and cautiously. The open process and willingness to consider the comments from interested parties has been necessarily appropriate. We are hopeful that this process will lead to a thorough and meaningful review thereby establishing a record which will support appropriate universal service and intercarrier compensation reform.

Many of the NPSC's recommendations and concerns are already part of the record in the above-captioned proceedings. However, we file comments recommending

the Commission reject the proposals in the FNPRM attached as Appendix A, B and C. The NPSC opposes adoption of the proposals in Appendix A and C as currently drafted because they appear to place Nebraskans at a disadvantage in comparison to other states which have not rebalanced local rates, lowered access charges or adopted state universal service programs. In addition, we seek clarification from the Commission in relationship to how certain terms and standards will be defined so that we may sufficiently assess the impact of the proposals on Nebraska consumers. We disagree with the reverse auction process described in Appendix B and recommend the Commission modify the universal service proposals as described in these comments.

In sum, with respect to universal service, the NPSC suggests the following: 1) the inclusion of a mechanism or recognition for the states that have already raised local rates to what we believe the Commission would consider the top of the affordability benchmark and have implemented state high-cost funds; 2) greater incentives for broadband deployment; 3) not using reverse auctions, but if adopted limiting the geographic area auctioned to an exchange level basis rather than a study area basis; 4) clarification that states can continue to assess universal service contributions using a revenue based system when the FCC moves to a numbers based contribution mechanism.

With respect to the intercarrier compensation proposals, the NPSC believes that the unified rate proposals explained in Appendix A and C will require state commissions to set termination rates at such a low level that it would be more burdensome for carriers to track and bill the rate than it would be to shift carriers to a bill and keep regime. The NPSC asserts that the Commission should not adopt the new "additional

costs” methodology it proposes to use for pricing intercarrier compensation, as this methodology would not allow for sufficient cost recovery over the long run, and would place additional pressure on federal and state universal service support mechanism. The NPSC recommends that the Commission should allow states to retain the ability to set intrastate access rates, as states also have the responsibility for cost recovery for the intrastate jurisdiction. However, should the Commission choose to assert control over intrastate access rates and adopt the new “additional costs” methodology, the practical effect would be rates that would approach levels so low they would approximate a bill and keep regime. In fact, for many small rural carriers the cost of billing rates this low for the relatively small amount of traffic they carrier may exceed the amount of revenue they would receive. In such a situation it may be more efficient for the Commission to adopt a bill and keep methodology and a cost recovery mechanism, where appropriate, for rural companies through the federal universal service fund. However, as indicated by the NPSC in its September 30, 2008 letter to the Commission, the NPSC has serious concerns that the cost recovery shortfall that would occur if the new “additional costs” standard were used to price intercarrier compensation cannot likely be made up through universal service support. Indeed, the lack of any detail in the FNPRM regarding the amount of universal service support that would be needed to maintain sufficient cost recovery if the new “additional costs” methodology were adopted causes the NPSC continued concern.

## **II. COMPARABLE AND AFFORDABLE RATES**

In 2007, the NPSC endorsed the amended Missoula Plan<sup>1</sup> for a number of reasons but mainly because the amended Missoula Plan recognized the reforms that the “early adopter” states had implemented consistent with the goals of the federal Telecommunications Act of 1996 and the FCC’s initial orders implementing the Act.<sup>2</sup> The NPSC continues to believe that local rate benchmarks are critical to a fair and equitable reform process. Without such consideration Nebraska consumers as well as consumers in other similarly situated states will be unfairly penalized.

Beginning in 1999, the NPSC implemented a state universal service fund setting a surcharge of 6.95 percent on intrastate retail telecommunications services. The NPSC required carriers to increase local rates by setting a base benchmark rate of \$17.50 for residential local exchange service and \$27.50 for basic local business service. The NPSC’s interim high-cost fund replaced the required reduction in intrastate access charges for five years. In 2004, the NPSC established its long-term funding mechanism by carefully targeting the high-cost areas of the state and directing support to those areas.

Nebraska’s high-cost distribution mechanism imputes the federal high-cost support received by a company and makes reductions in state support based on that imputation. The distribution model has a rate of return benchmark of 12 percent which reduces or eliminates state high-cost support so that carriers over-earning or not investing receive

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<sup>1</sup> The Amended Missoula Plan containing the federal Benchmark Mechanism proposal was filed on January 30, 2007.

<sup>2</sup> See *Reply Comments of the Early Adopter State Commissions, Maine Public Utilities Commission; Nebraska Public Service Commission; Vermont Department of Public Service; and Vermont Public Service Board*, CC Docket No. 01-92 (February 1, 2007).



less or no state universal service fund support. In addition, the NPSC recently adopted expense caps which will be applied to the carriers' 2009 earnings reports. Annually, the NPSC requires all Eligible Telecommunications Carriers ("ETCs"), including the rural incumbent local exchange carriers, to report by wire center information related to their investments and expenses as it relates to federal and state universal service support.<sup>3</sup>

The NPSC's universal service principles are based in large part on 47 U.S.C. § 254(b). The primary goal is to preserve and advance universal service for the consumers' benefit and to offer affordable and reasonably comparable rates and services to consumers in rural areas of the state. Notwithstanding the primary goal of affordable rates, Nebraska consumers have basic local rates which are at the high end of the national affordability benchmark. In 2006, the Commission adjusted its local benchmark rate upward to \$17.95. The Commission imputes a rural benchmark of \$19.95 in its high-cost distribution model based on a finding that the two dollar differential was a "reasonably comparable" rural rate. Consumers are therefore charged a local rate of \$17.95, a surcharge of 6.95 percent of intrastate telecommunications, as well as the Subscriber Line Charge and other taxes and fees.

It appears from the FNPRM the Commission's proposals would place an additional burden on Nebraska end-user consumers through higher SLC charges or increased pressure on local rates and may also burden consumers through increased federal universal service contributions. To be sure, the NPSC understands the Commission's concerns regarding the appropriate use of federal support and reducing

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<sup>3</sup> Wireless ETCs have the option to report this information to the NPSC by county rather than by wire center.

the burden on the federal fund. However, as currently proposed the Commission's proposals regarding access to universal service support would unfairly harm consumers in Nebraska. If the Commission adopts proposal A or C, consumers in Nebraska will be required to pay higher local rates or SLC charges. Consumers in Nebraska would also have to pay for access reductions of other states in addition to its own further access reductions, most likely through increased universal service contributions. Consumers in surrounding states will have benefited from their states not taking the initiative to rebalance rates and reduce access charges consistent with the 96 Act. For these reasons, actions by early adopter states should be taken into account. Early adopter revenues should be allocated for states that have used state universal service funds or increased local rates to explicitly replace access reductions by order or regulation. This would not include access reductions that are not replaced by state universal service mechanisms.

In addition, the NPSC recommends that the Commission should take into account the affordability of rates and the size of state universal service funds and ensure that rates among states are reasonably comparable and that the surcharge burdens are also reasonably comparable.<sup>4</sup> Through the directives of § 254 the Commission must require reasonably comparable rates among states. Nebraska's rates are already higher than many of the surrounding states and the burden on Nebraska consumers should not be compounded. In addition to local rates, the NPSC also must answer for the SLC charges passed on to consumers. The NPSC recommends the Commission give it and

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<sup>4</sup> See 47 U.S.C. § 254(b)(3); see also, *Qwest Communications Intern. Inc. v. FCC*, 398 F.3d 1222 (10<sup>th</sup> Cir. 2005).

similar states the flexibility to roll the SLC into its local rate if the local rate exceeds a certain benchmark. This would be less confusing for consumers who frequently question why this charge exists and then question why the surcharge is increased.

In order to properly assess exactly how the Commission's proposals A and C may adversely impact Nebraskans, the NPSC seeks clarification of the Commission's proposed definition of "deregulated" retail rates in paragraph 320 of Appendix A. For example, Nebraska statutes provide the NPSC shall not regulate retail rates except when certain conditions are met.<sup>5</sup> However, through the universal service program, the Commission established a benchmark local rate (affordability benchmark) and companies requesting state universal service support must meet that benchmark to be eligible for support. The NPSC questions whether companies in Nebraska would meet the Commission's definition of "regulated retail rates" and be eligible for support. Companies charging the local benchmark or a rate above that benchmark would be considered by the NPSC to be charging the maximum allowable rate consistent with Appendix A paragraph 320; however, it is unclear from the proposal whether the Commission would agree with that assessment.

### **III. BROADBAND INCENTIVES**

The NPSC supports the idea of tying universal service support to broadband build-out. Indeed, the Commission has sufficient tools to close the broadband gaps and

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<sup>5</sup> *Neb. Rev. Stat.* §§ 86-141 through 86-145. These conditions include a request from a certain percentage of customers in the affected area, when the rate increase exceeds 30 percent, or when the company voluntarily acquiesces to the Commission's ratemaking jurisdiction.

provide consumers with the benefits of faster and more affordable broadband services. However, the proposals in Appendix A and C do not take full advantage of the Commission's tools for broadband deployment. In addition, the Commission should take advantage of the pivotal role state commissions can have in approving broadband build-out plans and assisting the Commission in targeting support.

Prior to addressing incentives for broadband build-out, the Commission's proposed definition of broadband should be addressed. We believe Commission's proposed broadband speed definitions<sup>6</sup> are woefully low and are described as "first generation" in paragraph 20 of the Report and Order and Notice of Proposed Rulemaking FCC 08-89, released June 12, 2008. The defined speed will not bring innovative products and technologies that consumers are demanding. Rather than keep the speed or service stagnant, the Commission should ramp up the broadband speed requirements. The Commission's order should encourage wireline providers to deploy plant capable of supporting real time video and other advanced services.

Further, the Commission's proposed broadband incentives are not strong enough and the NPSC does not believe the broadband proposals will encourage further deployment in the truly rural areas of the country. The milestones should be crafted in such way to induce the provider to place broadband networks in areas where market conditions would not normally make it profitable by targeting support to those areas. State commissions are painfully aware of the areas within their borders that lack broadband infrastructure. Some of the milestones set by the Commission are either too

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<sup>6</sup> Specifically, the NPSC is referring to the broadband commitments in FNPRM Appendices A and C, para. 28.

low or unrealistically high, and do not take into account the way in which networks are constructed. For example, a build-out plan of 20 percent per year for five years to subscribers that do not currently have the capability to access broadband services may not be realistic for small carriers which tend to have “lumpy” investment patterns. Basically, a one-size-fits-all milestone should not be established for all areas. Rather, the Commission should utilize mapping technology and target support to areas without coverage. State commissions could be very useful in providing the Commission with geographical, population and other information regarding barriers to broadband deployment. Accordingly, we recommend the Commission take advantage of states’ particular awareness and entrust the state commissions to play a role by approving carrier broadband build-out plans and distributing broadband funds.

Consistent with our previous comments, the NPSC disagrees with the auction process. Specifically, the uncertainty of the auction process is problematic for consumers. If a carrier commits to deploying broadband, it should stand by its commitment. The consequences for a “supported” carrier’s failure to timely deploy broadband should fall squarely on the carrier’s shoulders. The FCC should use tools such as fining rather than simply allow the carrier to give up the support and have the area open for re-auction.

The auction process (and potential re-auction process) is harmful for consumers who expect predictability in services, terms and rates. In addition, the most rural consumers would be the last ones served by the Commission’s broadband proposal. The Commission will be supporting carriers’ broadband deployment in urban areas because of the nature of the incentives—i.e. the percentage of customers to be

reached, rather than the location of the customer. Instead the Commission should provide specific incentives to broadband deployment in the most rural areas of the country and target universal service funds accordingly. Without real incentives to deploy broadband, there will be considerable gaps in deployment where carriers have no desire to bid on or receive support for broadband deployment.

The auctions also present too much uncertainty for carriers. The five year period allowed is probably too short to induce providers to make significant long term investments in the network as there would be uncertainty as to whether the needed universal support would continue past that time. In addition, if another carrier, utilizing a different type of network and technology assumes the role of the supported ETC, the Commission could be causing the carriers significant stranded investment in rural areas and cause the duplication of partially built networks.

Finally, there needs to be a sufficient support mechanism available to entice providers to build-out broadband networks. Without it, the rural areas are going to be left out. It will be unlikely that providers will be encouraged to commit to broadband deployment without a sufficient, long-term, and predictable funding mechanism.

#### ***IV. REVERSE AUCTION PROCESS***

All three proposals discuss an auction process for universal service fund support. Appendix B discusses the reverse auction process in great detail as the method by which a carrier or competitive carrier can receive universal service fund support. The NPSC believes that where the costs of the ETC or competitive ETC can be determined,

then the costs of providing service should be used as a basis for support. Reverse auctions should be used only as a last resort option where costs of providing service cannot be readily determined or to the extent that there are unserved areas. Because of the uncertainties surrounding how the reverse auction process will work, in the event that it is adopted, it should be tested on a pilot project basis prior to nationwide implementation.

If reverse auctions are implemented by the Commission, we agree with the finding that supporting a single auction winner is a more efficient use of universal service support. However, we continue to recommend that both a wireline network and a wireless network be supported to preserve reliability of the network and afford a choice to consumers. In addition, we continue to recommend that broadband build-out requirements be imposed.

Some additional modifications to the Commission's reverse auction proposal should be made. Paragraph 22 of Appendix B describes a tentative conclusion that the wireline incumbent LEC's study area would be the appropriate geographic area to use for reverse auctions. The reason for this conclusion is the fear that the Commission might discourage bidders from bidding on the difficult to serve populations. Although it is true that the Commission may have some areas where bidders are scarce or nonexistent, we believe the geographic area should be defined at the exchange level rather than on a study area basis. This would allow the Commission to target high cost support to the geographic areas which truly need USF support. If the geographic area continues to be based on the study area, then, in Nebraska for example, providers could essentially be bidding for the ability to serve Qwest's Omaha metropolitan area,

allowing the provider to average support and in essence receive support for the Omaha metropolitan area that is not available to competitors while not providing the needed USF support to the rural areas of the Qwest study area. We are concerned that the Commission will have a difficult time finding bidders for the rural and remote areas of the state which are difficult to serve. We are also concerned about the incumbent local exchange carrier ("ILEC") losing support when a successful bidder is utilizing the underlying ILEC's network, for example, as wireless and other carriers often use the ILECs network for transport. Or, if the successful bidder is a wireless provider and the underlying ILEC loses support it would be harmful for consumers in rural areas relying on the wireline network.

If the reserve price is set appropriately, the Commission may be able to find bidders to serve the rural study areas but there is no indication that the support amount needed would be less than current support levels. The NPSC is more concerned about winning bidders using federal support to their advantage to undercut competition in the urban areas of the study area. As the plan is currently proposed, the NPSC envisions the rural areas of the state essentially being left for last when it comes to targeted universal service support. This is contrary to universal service principles and mandates of the Act. While conducting reverse auctions in smaller geographic areas will mean more auctions, this approach would better target support to the high-cost areas of the state.

The Commission should require the ETC bidder to provide build-out proposals on an exchange area basis and require the ETC winner to keep those commitments. Again, consistent with the comments *supra*, we believe that the consequences of not



meeting the milestones should be greater than the loss of support and the re-auctioning of the service area. The Commission should impose penalties if build-out commitments are not met.

## ***V. NUMBERS-BASED CONTRIBUTION METHODOLOGY***

In Appendices A, B, and C the Commission proposes to shift the USF contribution methodology from a revenue basis to a numbers-based system. Declining assessable revenues have forced the Commission to look at other alternatives for supporting the USF. The Commission states that it is increasingly more difficult to identify interstate end-user telecommunications service revenues.

If the Commission prefers a flat-rate surcharge based on Assessable Numbers, the NPSC requests clarification that the proposed methodology would not require states to also adopt a numbers-based contribution system for state funds and that a state revenue based contribution methodology does not burden the federal fund within the construct of § 254. Without such a clarification, the Commission's shift to a numbers-based contribution methodology could jeopardize state funds and open states to challenges from telecommunications providers. While the NPSC tries to ensure that its state mechanism is not inconsistent with the federal universal service fund requirements and is not burdensome to the federal fund, a numbers-based contribution base may not be an appropriate contribution base for our state fund.

The Commission seeks comment on whether it should expand the NRUF data collection process to all providers who are required to contribute to the universal service

fund based on Assessable Numbers.<sup>7</sup> If the Commission's "assessable numbers" contribution proposal is adopted, the Commission should amend its rules so that carriers having a retail relationship with the end-user are required to submit forecasts to the reporting carriers allowing the reporting carriers to submit NRUF data. This requirement would ensure the Commission had the most accurate data for contribution purposes.

Additionally, if the "assessable numbers" contribution proposal is adopted, the Commission's contribution mechanism must be competitively and technologically neutral. On October 3, 2008, Google, Inc., ("Google") submitted an ex parte filing suggesting that the Commission clarify that an "Accessible Number" is a "North American Numbering Plan (NANP) telephone number used for a telephone access service that enables a Final Consumer of Service to make and receive calls and for which the Contributor charges a fee to a Final Consumer of Service."

The NPSC opposes this recommendation. A specific premise of the Commission's desire to change to a numbers-based approach is to ensure contributions from as broad a base as possible while making contributions technologically agnostic and to act as an incentive to further conserve numbers. Google seeks an exception for its particular business interest in providing a "growing deployment of innovative and beneficial services that are provided to consumers without a charge." While such services may be offered at or for no specifically separate charge, they remain telecommunications services offered to the public and may very well be supported by related revenue streams such as advertising or referrals to other Google products and

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<sup>7</sup> See Appendix A, para. 344.

services. The exception the company seeks is directly contrary to the overall goal of the Commission's FNPRM to rationalize the patchwork quilt of regulatory distinctions, exemptions, and classifications inherent in the existing universal service contribution regime. As it migrates to a new contribution regimen, the Commission should reject efforts, such as Google's, to establish new exceptions.

## **VI. INTERCARRIER COMPENSATION**

The proposals in Appendix A and C would require state commissions to use a new "additional costs" standard to determine intrastate access rates rather than the total element long run incremental cost (TELRIC) standard previously used to determine reciprocal compensation rates and unbundled network elements rates. The Commission's proposed pricing structure would reduce rates to lower than \$.0007/minute for terminating access traffic. A number of carriers have filed objections to a \$.0007/minute termination rate stating that this rate is below their cost for providing the service.

The NPSC does not believe that the new "additional costs" standard proposed by the Commission will allow for sufficient cost recovery through intercarrier compensation rates, as the new "additional costs" standard does not allow for the recovery of joint and common costs. The majority of costs in a telecommunications network are joint and common costs, as many individual network components are used in the provision of more than one service. The Commission itself notes that a common criticism of incremental cost pricing is that it may not permit a firm to recover its total costs,

particularly if there are significant common costs.<sup>8</sup> The Commission dismisses this concern by indicating that multi-part pricing regimes "can *potentially* lead to more efficient outcomes."<sup>9</sup> The Commission provides an example of such a pricing regime, in which it says if a firm is able to charge a fixed monthly fee and a variable usage charge, then it is possible for the firm to set the usage charge at or close to marginal cost and recover any residual costs through the fixed charge.<sup>10</sup> However, the termination of traffic does not lend itself to such a pricing regime. The Commission has prohibited the use of a flat-rated charge for termination.<sup>11</sup> Therefore, carriers will be left to recover all of their joint and common costs from their end user subscribers if the new "additional costs" methodology is adopted. This is not a realistic option for carriers serving high-cost areas, especially small rural carriers.

The NPSC is supportive of the movement to reduce access charges to a cost based system, however, we continue to advocate for fair and equitable treatment for all providers who benefit from the public switched telephone network. We also believe special consideration should be given to the small rural carriers and in particular the limited cost recovery tools they have. An increase in SLC or local rates for some of the carriers serving the rural Nebraska exchanges will not offset the decreases in access revenue the Commission's proposals would require.

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<sup>8</sup> See FNPRM Appendix A, para. 252.

<sup>9</sup> *Ibid*, emphasis added.

<sup>10</sup> *Ibid*.

<sup>11</sup> See *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98 and *Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers*, CC Docket No. 95-185, First Report and Order, FCC 96-325 (rel. Aug. 8, 1996) para. 1057.

The Commission's proposal states that the "available evidence suggests that the incremental costs of terminating traffic, as determined using this methodology are likely to be extremely close to zero."<sup>12</sup> Rather than having state commissions engage in a cost analysis, the NPSC questions whether by the Commission's proposed order it would be preempted from establishing bill and keep arrangements where the carriers acquiesce. Certainly, for companies like Qwest in Nebraska, which has advocated for a bill and keep regime, it would save state resources and time, if bill and keep arrangements could simply be adopted. On the one hand, the Commission states its order allows parties to advocate a bill and keep approach and parties may negotiate such arrangements.<sup>13</sup> On the other hand, the Commission's order would require states to set a single uniform rate for all carriers in the state.<sup>14</sup> In addition, if a state commission finds that the "additional costs" standard is indeed close to zero for terminating traffic, the NPSC wonders whether it would be cost justified for a carrier to record, label and bill these costs.

Phantom traffic and access stimulation issues definitely should be addressed by the Commission in the short-term. The Commission should require carriers to label traffic sent over the PSTN and such a requirement should be implemented as soon as practicable. The Commission seemed poised to deal with the phantom traffic issue not too long ago, and the overwhelming majority of commenters seemed to agree with the

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<sup>12</sup> FNPRM Appendix A, para. 273.

<sup>13</sup> See FNPRM Appendix A, n. 713; *see also* Appendix C, n. 704.

<sup>14</sup> See FNPRM Appendix A, para. 274; *see also* Appendix C, para. 269.

Commission's view. The Commission should move speedily toward adoption of labeling requirements.

## **VII. CONCLUSION**

Any reform mechanism must promise affordable service and reasonably comparable rates. The Commission must not penalize consumers in states like Nebraska where access charge reductions have been already offset by state universal service contributions and/or local rate increases by pressuring carriers to raise local rates to offset further access reductions. We recommend the Commission reject the "additional costs" methodology for intrastate access rates.

We support the Commission's broadband deployment efforts with the modifications recommended in these comments. The Commission should not adopt its reverse auction proposals but if it does, it should limit the geographic area of the auctions to target high-cost areas which need that support.

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Respectfully Submitted,

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